

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: December 11-12, 2002

Reference No.: 2.6g
Action Item

From: Original Signed by:
ROBERT L. GARCIA
Chief Financial Officer

Prepared by: Debbie Mah
Program Manager
Traffic Congestion Relief Program

Ref: **APPROVAL OF JANUARY TO JUNE 2003 SIX-MONTH DELEGATED ALLOCATION LIST FOR TRAFFIC CONGESTION RELIEF (TCR) PROGRAM/STATE TRANSPORTATION IMPROVEMENT PROGRAM (STIP) PROJECTS, PER RESOLUTION G-01-27**

RECOMMENDATION:

The Department of Transportation (Department) recommends that all Traffic Congestion Relief (TCR) fund allocations be suspended immediately pursuant to the Department of Finance's Budget Letter 02-40 (attached). The Department further recommends that State Transportation Improvement Program (STIP) fund allocations that require a corresponding TCR fund allocation also be suspended. Additionally, the Department recommends that Department and Commission staff meet with Department of Finance staff to assess the budget capacity and determine when allocations can resume in the 2002/2003 fiscal year.

The Department requests the California Transportation Commission's (Commission) concurrence with this recommendation.

BACKGROUND:

On November 21, 2002, the Department of Finance issued Budget Letter 02-40 (BL 02-40). To maximize current year savings to the General Fund, all agencies and departments are directed to take immediate actions to reduce any non-critical/essential activities. Actions include canceling, postponing, or amending contracts, grants and purchase orders to achieve reductions. To the extent possible, agencies and departments are also directed to halt disbursements, allocations, expenditures, or other commitments of funds that are not considered to be mission-critical.

The TCR Program, as enacted through Assembly Bill 2928, was initially funded through a transfer of \$1.5 billion from the General Fund during the 2000/2001 fiscal year. In addition, \$500 million from the sales tax on gasoline (that would normally be transferred to the General Fund) was also transferred to the TCR fund. Per current legislation, future transfers to the TCR fund will also be from the redirection of funds normally flowing to the General Fund (sales tax on gasoline).

With this suspension, all allocations, whether made by the Commission or by the Department through its delegated authority, will stop.

Attachment

BUDGET LETTER

NUMBER:	02-40
DATE ISSUED:	November 21, 2002
SUPERSEDES:	

SUBJECT:	ADDITIONAL 2002-03 BUDGET REDUCTIONS
REFERENCES:	EXECUTIVE ORDER D-49-01, BL 02-21

TO: Agency Secretaries
Department Directors
Departmental Budget Officers
Departmental Accounting Officers
Department of Finance Budget Staff

FROM: DEPARTMENT OF FINANCE

To address the projected Budget shortfall and as directed by the Governor, Agencies and departments are hereby directed to take immediate actions to reduce any non-critical/essential activities, such as filling any new opportunities positions, cancel, postpone, amend any contracts, grants, purchase orders, etc. and generate new ideas for current year program reductions. **Agencies and departments are to quantify the projected savings, complete Attachments I, and II, and submit them to the Department of Finance by close of business, Monday, November 25, 2002.**

These additional reductions are necessary to maximize current year savings in addition to the \$750 million unallocated reduction pursuant to Control Section 3.90 (added by Chapter 1023, Statutes of 2002). To achieve the additional current year General Fund savings, Agencies/departments are directed to propose actions relating to non-critical, non-essential activities by:

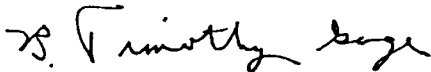
- Reducing, canceling, or postponing any contracts, or agreements to lease or purchase equipment.
- Reducing, canceling, or postponing any contract, or canceling any amendment to an existing consultant or personal services contract that would increase the amount of the contract.
- Canceling or postponing any non-essential trips such as seminars, conferences, or training.
- Where permissible by law and regulations, disencumbering and canceling existing non-essential contracts or purchase agreements for the current year or prior years.
- Eliminating any additional non-essential vacant positions.
- Reducing, canceling, or postponing any grants.
- Delaying construction or any new leases for space.

Additional program reductions. Similar to directives in Budget Letter 02-21, Agencies/departments are to review all programs for reduction (or cost shift) opportunities in the current year, and are directed to freeze spending in the current year. To the extent possible, Agencies/departments should halt disbursements, allocations, expenditures, or other commitments of funds that are not considered to be mission-critical. It is anticipated that current year legislation will be introduced as necessary to implement any of these proposals that may require a statutory change.

These additional current year program savings ideas must be realistic and capable of successful implementation to produce savings. All program areas, i.e., State Operations, Local Assistance, and Capital Outlay, and objects of expenditures must be examined in detail to determine the components that are not truly critical to the department's mission, or cases where a program could function adequately with reduced funding.

Further, departments that are reimbursed by any General Fund departments for services must evaluate any reductions to those reimbursements that will help these departments achieve savings.

Deadlines. Submit Attachments I and II to Finance by close of business, Monday, November 25th. If you have any questions, please contact your Finance budget analyst.

A handwritten signature in black ink, appearing to read "B. Timothy Gage". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

B. TIMOTHY GAGE
Director

Attachments

2002-03 General Fund Reductions and their impact in 2003-04

Agency: _____

Org/Department: _____

Item: _____

Description of Proposal: _____

Select one CH (character) code: SO = State Operations, LA = Local Assistance, CO = Capital Outlay, UN = unclassified
Put "L" if the proposal requires a legislative change; put "R" for regulation change required. Otherwise, leave
blank. **Submit trailer bill language by COB Monday, November 25th.**

Approval:

Department Director

Date: